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Eric M. Aupperle, *President*

4251 Plymouth Road • Ann Arbor, Michigan 48105-2785 • Phone: 313-764-9430 • FAX: 313-747-3185

April 11, 1996

Office of the Secretary
Federal Communications Commission
1919 M Street
Washington, DC 20554

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Reference: CC Docket No. 96-45, In the Matter of Federal-State Joint Board on Universal Service

Honorable Members of the Commission and the Joint Board:

On behalf of the Merit Network, I submit the following comments on the Notice of Proposed Rulemaking regarding Universal Service.


Jeffrey C. Ogden

Merit Associate Director for MichNet

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Member Universities

- Central Michigan University • Eastern Michigan University • Grand Valley State University • Michigan State University •
- Michigan Technological University • Northern Michigan University • Oakland University • Saginaw Valley State University •
- University of Michigan • Wayne State University • Western Michigan University •

Background

The Merit Network, Inc. is a not-for-profit, 501(c)(3), organization founded in 1966. Merit is governed by eleven of Michigan's four year public universities. We operate MichNet, a regional network in Michigan that is part of the world-wide Internet. MichNet provides direct attachments and dial-in access to the Internet for our eleven member universities as well as 237 affiliated organizations—primarily educational, research, government and community service organizations including 79 K-12 schools or school districts and 44 libraries, library cooperatives and consortiums.

From 1988 until 1995 Merit managed NSFNET under a cooperative agreement with the National Science Foundation. Today, under a new NSF cooperative agreement that runs through 1999 Merit is the Routing Arbiter for the new "NSFNET architecture" which replaced the original NSFNET in April 1995.

For additional information about Merit, MichNet, NSFNET or the Routing Arbiter project you may visit our Web page:
<http://www.merit.edu>

General comments

For the Telecommunications Act of 1996 to be truly successful competition must emerge in parts of the telecommunications industry and in regions of our country where there is little or no competition today. We urge the Joint Board and the Commission to recommend and adopt policies that encourage competition rather than policies that simply allow it. The universal service support mechanisms can provide tools to encourage competition. We hope the Joint Board and the Commission will be bold in using these tools.

Quality service – section II paragraph 4

As one measure of quality we urge that voice grade access to the public switched network be of sufficient quality to support high-speed modem access. The definition of high-speed may change over time, but a reasonable starting point today is to require voice grade lines to support full duplex 28,800 bit per second transmission as defined in the V.34 standard. If an eligible telecommunications carrier does not meet this standard, they should be required to have a publicly available plan for upgrading their facilities and services within a specific time period in order to continue to receive support under the universal service support mechanisms.

Competitive bidding – section II paragraph 35

We urge caution in the use of competitive bidding to set the level of universal service subsidies in rural, insular and high-cost areas. Our concern is that a telecommunications carrier that feels it is to its competitive advantage to keep universal service subsidies low or to have no subsidy at all could submit an artificially low bid effectively denying universal service support to regions of the country in which it would otherwise be available. This might be a strategy an existing telecommunications carrier could use to limit competition.

Schools and Libraries: What services to support – section IV.B.1 paragraph 78

We urge the Joint Board and the Commission to include the widest possible range of services in the additional services to be made available to schools and libraries. These services should include high level services such as Internet access and two-way interactive video as well as lower level services from which the higher level services are built. The services should certainly include traditional analog voice phone service that can be used to make modem calls, ISDN Basic Rate services that allow data networking at rates of 64K or 128K bits per second, but they should also include higher speed services such as dedicated T1 access for 1.5M bps service, ISDN Primary Rate services, and LAN access. Schools and libraries should not be limited to the relatively slow speeds available via analog voice lines or even ISDN Basic Rate.

Schools and Libraries: What services to support – section IV.B.1 paragraph 80

Rather than defining specific telecommunication services that are to be made available, consider defining broad service areas such as distance learning, Internet access, and two-way interactive video and allowing the schools and libraries to request the detailed telecommunications services they feel best meet their needs within these areas. To the greatest extent possible place decision making about what detailed services to use in the hands of the schools and libraries rather than with telecommunications carriers, State commissions, the Joint Board or the FCC.

Schools and Libraries: What services to support – section IV.B.1 paragraph 81

We see no reason to limit the use of wireless technologies in cases where schools and libraries feel that these technologies can best meet their needs.

Schools and Libraries: Sharing networks with ineligible parties

– section IV.B.2.b paragraph 86

We urge that schools and libraries receiving discounts be allowed to share networks with other parties that are not eligible schools or libraries so long as the discounts that the schools or libraries receive do not directly benefit the ineligible parties. One approach would be to simply reduce the discount by an amount equal to the portion of the network that is used by the ineligible parties. This portion could be determined in any one of several ways: by the number of network connections, by the total bandwidth available, by the amount of network traffic, or by the number of people serviced. It would be reasonable to require that the schools and libraries include information about ineligible parties, if any, that will be sharing a network and what method they propose to use to prorate the discount as part of the certification contemplated in paragraph 84 of the NPRM.

While schools and libraries may not sell, resell or transfer discounted telecommunications services and network capacity, it is reasonable that they should be able to sell, resell and transfer services and network capacity on a shared network so long as the portion of the service or network capacity that is sold, resold or transferred is not supported through the universal service support mechanisms.

It would also be reasonable to allow organizations that are not schools or libraries to obtain telecommunications services on behalf of schools and libraries under the same conditions and discounts that are available to schools and libraries and with appropriate certification from the schools.

Sharing of the common costs of network infrastructure is an important means of reducing the costs of telecommunication services. Establishing universal service support mechanisms that allow and encourage schools and libraries to participate in these cost savings while not providing discounts to ineligible parties is extremely important if we are to provide high quality telecommunications services in rural and other under served areas.

Schools and Libraries: Who is eligible – section IV.B.3 paragraph 88

We suggest that schools and libraries determine the standard amounts charged for similar services to other parties and provide this information as part of the certification process that is contemplated in paragraph 84 of the NPRM and that the telecommunications providers use this certification when they submit their requests for direct reimbursement under the universal service support mechanisms.

Health Care Providers – section IV.C

The comments on paragraphs 78, 80, 81 and 86 for schools and libraries above also apply to Health care providers.

Who should contribute – section VII.B.1 paragraph 119

The 1996 Act seems to require universal service contributions from a large range of telecommunications carriers beyond the "eligible telecommunications carriers". We suggest that telecommunications carriers that build value added networks using lower level facilities leased from telecommunications carriers that contribute to the universal service support mechanisms have already met any obligation that they might have to make direct universal service support contributions. Many of the new Internet Service Providers would fall into this class of telecommunications carriers.

Telecommunications carriers that request direct reimbursement for discounted services that they provide to schools and libraries and which do not make direct universal service support contributions, should be required to certify that their telecommunication services are provided using services and facilities obtained from carriers that do make universal service support contributions or that the facilities used are exempt from universal service support obligations.